

Message Text

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E.O. 11652: N/A

TAGS: BAGR, BEXP, SU

SUBJECT: MAJOR PROJECT: SUGAR CANE HARVESTING AND HANDLING EQUIPMENT

1. SUDAN PROBABLY WILL BUY MORE THAN \$50 MILLION OF SUGAR CANE HARVESTING AND HANDLING EQUIPMENT DURING THE NEXT FIVE YEARS. THIS CONCLUSION IS BASED UPON OUR ASSESSMENT OF SUDAN'S VERY AMBITIOUS SUGAR DEVELOPMENT PROGRAM AND THE PRACTICAL CERTAINTY THAT SUFFICIENT SEASONAL LABOR WILL BE UNOBTAINABLE AND INEFFICIENT.

2. INTERESTED AMERICAN COMPANIES SHOULD CONTACT THE SUDAN SUGAR & BEVERAGE CORP. AND THE KENANA SUGAR CO. THE FORMER PLANS TO PRODUCE SUGAR CANE FROM OVER 200,000 FEDDANS (1 FEDDAN - 1.038 ACRES) BY 1980 AND KENANA WILL BE PRODUCING SUGAR CANE ON ANOTHER 100,000 FEDDANS. THE PRINCIPAL OFFICERS OF THESE FIRMS ARE AS FOLLOWS:

MOHAMED ABASHEER AL WAGIE
MANAGING DIRECTOR
SUGAR & BEVERAGES CORPORATION
P.O. BOX 511
KHARTOUM, SUDAN
TELEX: 298 SIDG TELEPHONE: 75022

GENERAL (RET.) MOHAMED IDRIS ABDALLA
CHAIRMAN
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KENANA SUGAR CO., LTD

P.O. BOX 15 (NEW EXTENSION)
KHARTOUM, SUDAN
TELEX 634 TELEPHONE 44297

3. OUR PRINCIPAL COMPETITORS ALREADY ARE SEIZING THIS OPPORTUNITY. SUDAN'S PURCHASING PRACTICES FOR AGRICULTURAL MACHINERY REQUIRE THAT TESTING OF THE PARTICULAR TYPES OF MACHINERY BE CARRIED OUT IN THE SUDAN PRIOR TO COMMERCIAL SALES. MASSEY FERGUSON (UK), TUFTS (AUSTRALIA) AND KLASSI (WEST GERMANY) ALREADY AT THEIR OWN EXPENSE HAVE IMPORTED SUGAR CANE HARVESTER FOR TESTING.

4. ALTHOUGH US TECHNOLOGY IN CANE HARVESTING IS PROBABLY THE BEST, WE ARE BEING UNDERCUT BY OUR COMPETITION. MOST MAJOR US SUPPLIERS OF THIS TYPE OF EQUIPMENT APPEAR TO BE SMALL TO MEDIUM-SMALL MANUFACTURERS. THEY DO NOT HAVE THE CAPITAL FOR MARKET PROMOTION (SUCH AS TESTING) WHICH THEIR COMPETITORS ARE ALREADY DOING. THEIR ABILITY TO TAKE RISKS IS FURTHER RESTRICTED BY THE LACK OF ADEQUATE US EXPORT FINANCING. THEY FEEL THAT EXIM IS UNWILLING TO CONSIDER FINANCING IN SUDAN IN THE MARKET WHICH APPEARS TO THEM TO HAVE THE GREATEST POTENTIAL IN AFRICA.

5. ACTION REQUESTED: WE WOULD LIKE TO ENSURE THAT MANUFACTURERS OF SUGAR CANE HARVESTING AND HANDLING EQUIPMENT ARE FULLY AWARE OF THE OPPORTUNITIES HERE. AT THE SAME TIME, WE WOULD HOPE TO ENCOURAGE AMERICAN EXPORT FINANCING INSTITUTIONS TO BE RESPONSIVE TO THE EXPORT FINANCING REQUIREMENTS OF SMALL BUSINESS. MANUFACTURERS OF GENERAL AGRICULTURAL MACHINERY ARE GENERALLY LARGE CORPORATIONS WITH ADEQUATE CAPITAL TO INCUR SUBSTANTIAL FUNDS AND EXPENSES TO ASSURE THEIR POTENTIAL PARTICIPATION IN WHAT APPEARS TO BE THE MOST PROMISING AGRICULTURAL BUSINESS OPPORTUNITY OF THE NEXT DECADE. SMALLER BUSINESSES, BECAUSE OF THEIR VERY SIZE, ARE BEING DENIED THE OPPORTUNITY TO EFFECTIVELY COMPETE. BREWER

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